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The insurance industry is lapping up the digital issuance of insurance policy notified first in 2011 by IRDA. Though IndiaFirst, Reliance Life, HDFC Life, Birla Sunlife have been offering digital policies to customers in the past, insurance behemoth LIC has joined the e-insurance bandwagon recently.

Have you been running from one insurance office to another to submit an address change request? Holding a lapsed insurance policy as your agent failed to remind you of premium payment date? Misplaced your policy document? Has a kin left no information about the insurance covers that he held? The Insurance Regulatory Development Authority of India's move toward e-insurance has a solution to ease out your worries.

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Five insurance repositories have been assigned the task of holding insurance policies in the demat form and helping policyholders access to e-insurance account – Central Insurance Repository, Karvy Insurance Repository, NSDL Database Management, SHCIL Projects and CAMS Repository Services. One has the option of shifting from one repository to the other.

There were misconceptions earlier that an insurance policyholder would have to opt for the repository that the insurer has a tie-up with. But that isn't true as one can hold only one e-insurance account. "The customer does not have to choose the repository his insurer offers. An e-insurance account can be opened by the customer directly with a repository of his choice or through the insurer," clarifies Nilesh Parmar, COO of Edelweiss Tokio Life Insurance.

Before one opts for the e-insurance account, the policyholder should understand the changes that would be effected in the policy servicing, claims request, nomination and communication regarding policies.

You can get a single window view of all your policies as you can use your e-insurance account for both new and existing life, annuities (pension), health and general insurance policies.

To buy a new policy in electronic form you just need to quote your unique e-insurance account number in your new insurance proposal form and make a request to issue policy in an electronic form.

Misselling too can be kept at bay as strict timelines have been introduced with regards to new policy buying intimations. The problem of receiving policy documents after the end of the 15-day free look period would be sorted.

Repositories claim that the e-insurance account reminds you on all important dates of the policy.

Frauds linked to insurance claims too would be curbed as IRDA has notified that, "In order to avoid fraudulent encashment of cash benefits, all repositories / insurers shall print the bank account details, furnished by the policyholders, on the payment instruments."

The e-insurance account comes to the policyholder's rescue, especially when an agent has orphaned you. When you have shifted your residence there would be no need to submit address change requests to multiple insurers' offices. "A single request can cater to the requirements of several insurers. All service requests including address changes, other KYC related changes, claims etc., related to any of the electronic policies linked to his e-insurance account can be routed / processed through the repository," says Parmar.

Having a repository that has a tie-up with at least one repository would be beneficial on the grounds of policy servicing. As Parmar points out, "If the insurer hasn't tied up with any particular repository, the customer will have to approach them individually and get the changes done."

Similarly, premium payment too need not be physically done or through cheques at multiple offices. "Premium for all the policies too can be paid online and several service requests can be logged from the e-insurance account," as per the IRDA's handbook on insurance repositories.

Also, when the policy matures, you wouldn't have to await the maturity benefit cheque. "Policy benefits would be paid through electronic facility to the registered bank account, thus ensuring speedier and convenient settlement," states the handbook.

However, select individual policy-linked information such as net asset value of your unit-linked policy or switching funds or surrendering the policies wouldn't be possible through the repositories.

The benefits of the e-insurance account come at no added cost as the account-opening as well as servicing requests made later are offered free of cost. In fact, policyholders are likely to gain in the long-run in the form of reduced premium in the future.

"Cost savings are indeed possible for life insurance companies if they can completely do away with existing system of physical maintenance of policies. The benefits of cost savings, if any, should eventually get passed on to customers by way of reduction in premiums, reduced charges or higher returns," says Parmar.

When you have insurance policies in the digital format informing your nominees or heirs about them would be all the more pertinent as purely sifting your important documents won't help when the policies are held in demat form.

You would have to appoint an authorized representative, who would have access to the e-insurance account in the event of demise of the policy holder. He would only to act as a facilitator and is not entitled to receive any policy benefits unless designated as a 'nominee' or 'assignee' by the deceased policy holder.



"The nominee and the authorized representative can be the same person. I would recommend to all customers that they carefully select and appoint an authorised representative and keep the nominee and heirs informed about it," recommends Parmar.

If you find that the authorized representative isn't appropriate then you can change the person too. The heirs would now have an additional task at hand of closing the e-insurance account after the demise of the policyholder.

If you still aren't comfortable with holding your policy in a demat form, then you have the option of going back to the physical policy or even downloading the policy bond using your insurance account.